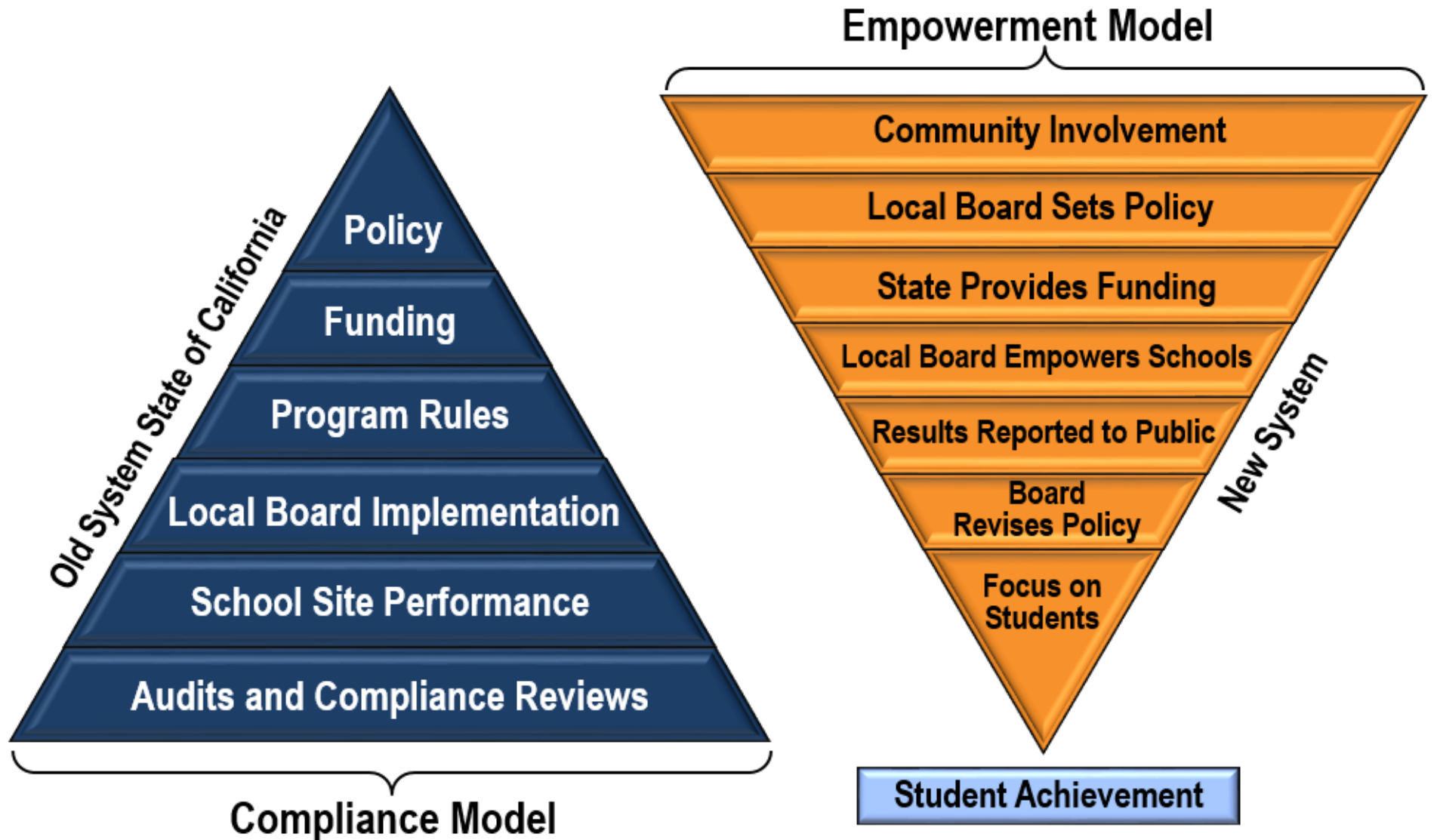


# **Fiscal Update**

**January 21, 2014**

**Presented By  
Ken A. Forrest  
Chief Business Officer**

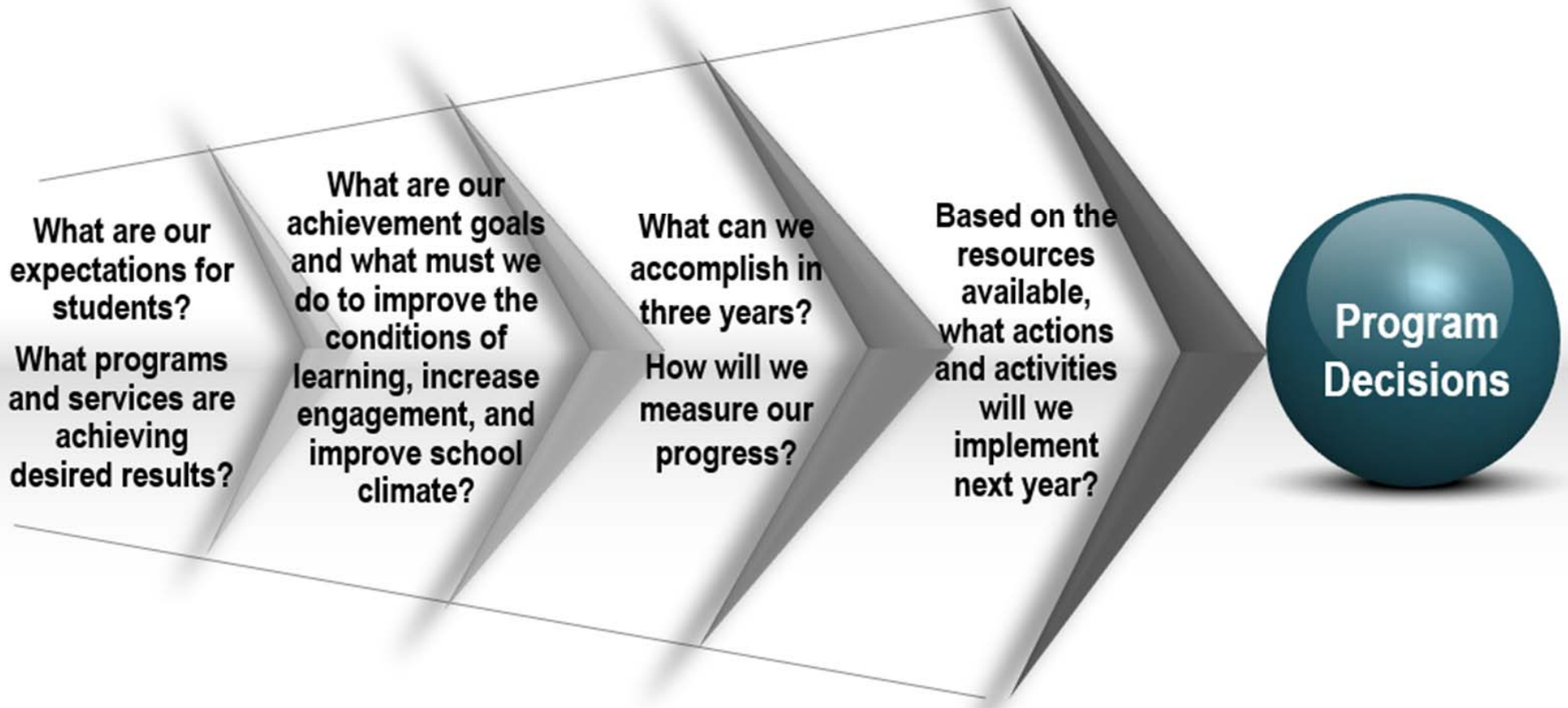


- **The LCFF statutes direct the State Board of Education (SBE) to develop regulations by January 31, 2014, to require LEAs to:**
  - **Increase or improve services for eligible pupils in proportion to the increase in funds apportioned on the basis of the number and concentration of eligible pupils**
- **LEAs are also required to include in their LCAP a description of expenditures that serve pupils eligible to generate supplemental and concentration grants**
  - **Goals, activities, and services that increase or improve support for eligible students is a local decision**
- **The proportion of the increase in funds attributable to the number of eligible pupils enrolled is a calculation**
  - **It is important to keep this distinction in mind, and it is why we are calling supplemental and concentration grant funding targeted, rather than restricted**

- The proposed LCFF regulations would provide districts varying degrees of latitude in the expenditure of supplemental/concentration grant funds, depending upon the percentage of eligible students
- If the district has unduplicated counts of the following:
  - Greater than 55%, then these funds may be spent on a district wide basis, provided the district
    - Identifies the district wide services
    - Describes how these services meet the district's goals for the targeted students in the state priority areas
- The proposed regulations also address school site enrollment and the authorized use of these funds
  - A district that has a school with an enrollment of eligible pupils in excess of 40% of the school's total enrollment, the district may expend the targeted funds on a school wide basis, provided the district
    - Identifies the school wide services
    - Describes how these services meet the district's goals for the targeted students in the state priority areas

- **The Governor's Budget proposes to establish a continuous appropriation for the LCFF to provide greater certainty to districts, similar to revenue limits**
  - **The annual minimum appropriation for LCFF will be based on a fixed percentage of any new funds provided by the growth in Proposition 98**
    - **This percentage has yet to be determined**

- The new system requires us to think first about outcomes
- No longer are you limited by what you can afford to do in a single year – start thinking about what you could accomplish in three years

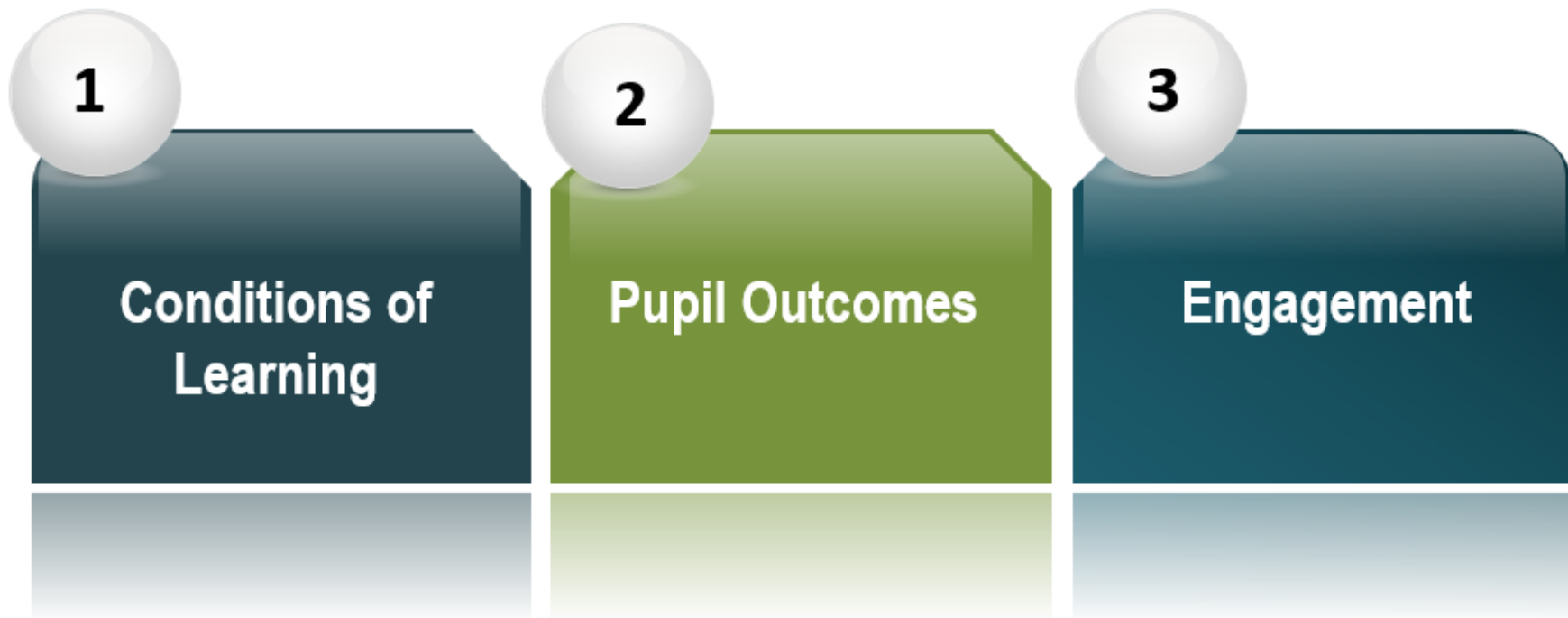


- **The LCFF accountability system requires that LEAs develop a three-year LCAP and annually update it**
- **The LCAP must**
  - **Identify goals based on state priorities for all students, “numerically significant subgroups”, students with disabilities, and eligible students**
  - **List annual actions that the LEA will implement in accomplishing the goal**
  - **Describe expenditures in support of the annual actions and where they can be found in the LEA’s budget**
- **The LCAP is intended to be a comprehensive plan**
  - **School site plans and the Single Plan for Student Achievement must align with the LCAP**
  - **The LCAP may reference and describe actions and expenditures of other plans**

- **The LCAP will require that you show evidence of a needs assessment**
- **Data, both quantitative and qualitative, will inform your plan goals**
- **Remember to think big – you are not limited to what you can accomplish in a single year – what do you hope to accomplish in three years?**
- **The LCAP template being presented to the SBE provides a roadmap for planning**



- The proposed LCAP template groups the eight state priorities into three categories for planning purposes



- Initial LCAP planning requires the collection of data you will use to inform plan goals and actions, and precedes the engagement of stakeholders in plan development

**1**

### Conditions of Learning

The first planning category groups together the following state priorities:

- Priority 1 – Basic Conditions
- Priority 2 – Implementation of State Standards
- Priority 7 – Course Access

Focus planning on assessing to what extent:

- Teachers are qualified and appropriately assigned
- School facilities are in good repair
- Students have access to standards-aligned materials and are receiving instruction that is aligned with state-adopted content and performance standards
- Students are enrolled in a broad course of study

2

## Pupil Outcomes

The second planning category groups together the following state priorities:

- Priority 4 – Pupil Achievement
- Priority 8 – Other Pupil Outcomes

Planning would focus on assessing:

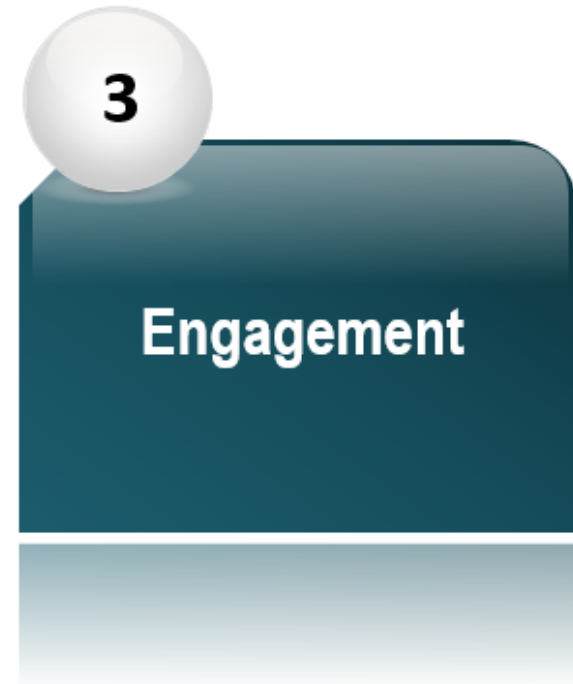
- Performance on standardized tests
- Percentage of students who are college and career ready
- English learner reclassification rate
- Pass rate on advanced placement exams
- Student outcomes in all core curriculum areas

The third planning category groups together the following state priorities:

- Priority 3 – Parent Involvement
- Priority 5 – Pupil Engagement
- Priority 6 – School Climate

Focus planning on measuring:

- Parent involvement in decision making and the degree to which you promote the participation of parents of eligible pupils
- School attendance rates including chronic absenteeism
- Dropout and graduation rates
- Suspension and expulsion rates
- The degree to which students feel safe and connected to school



- The proposed LCAP template is comprised of three sections and includes a description of each section, provides instructions, and lists guiding questions to facilitate completion of the template based on the data collected



- Once you've conducted your needs assessment, it is time to engage stakeholders
- You'll be required to show evidence of stakeholder engagement in the first section of the LCAP

1

## Stakeholder Engagement

- Meaningful engagement of parents, students, and other stakeholders is not only important but it is a statutory requirement
- LEAs will have to demonstrate evidence of stakeholder engagement, describe how stakeholders were involved, and what impact that engagement had on development of the plan

A few guiding questions from the proposed template:

*“What information was made available to stakeholders and used by the LEA to inform the LCAP goal setting process?”*

*“In the annual update, how has the involvement of stakeholders supported improved outcomes for pupils related to the state priorities?”*

- Section 2 must describe the LEA's goals for the term of the plan
- The annual update must include a review of progress based on an identified metric (qualitative or quantitative)
- Goals must address each state priority area and any additional local priorities



A few guiding questions from the proposed template:

*“What are the LEA’s goals to address the conditions of learning, pupil outcomes, and parent and pupil engagement?”*

*“What data/metrics were considered in developing goals to address each state or local priority and to review progress toward goals in the annual update?”*

- Identify annual actions to meet the goals in Section 2 and describe expenditures to implement the action
- In describing actions and expenditures that will serve eligible pupils, identify whether they are for school-, district-, county-, or charter-wide purposes
- This section has four subsections
  - A. Annual actions and expenditures related to the goals for all pupils
  - B. Annual actions and expenditures provided to eligible pupils above what was provided to all students
  - C. Describe how the LEA is expending supplemental and concentration grant funds for any school-, district-, county-, or charter-wide purpose and how they are the most effective use of funds
  - D. Demonstrate proportionality

3

**Actions,  
Services, and  
Expenditures**



- Think about what the statute requires
- Also think about other groups that may have a high level of interest or influence on the final decision makers – the governance team
  - You may not be required to engage them, but you'd be smart to do so
- We would identify three levels of engagement

**Involve**

Who will you involve in developing a draft plan based on your needs assessment?



**Consult**

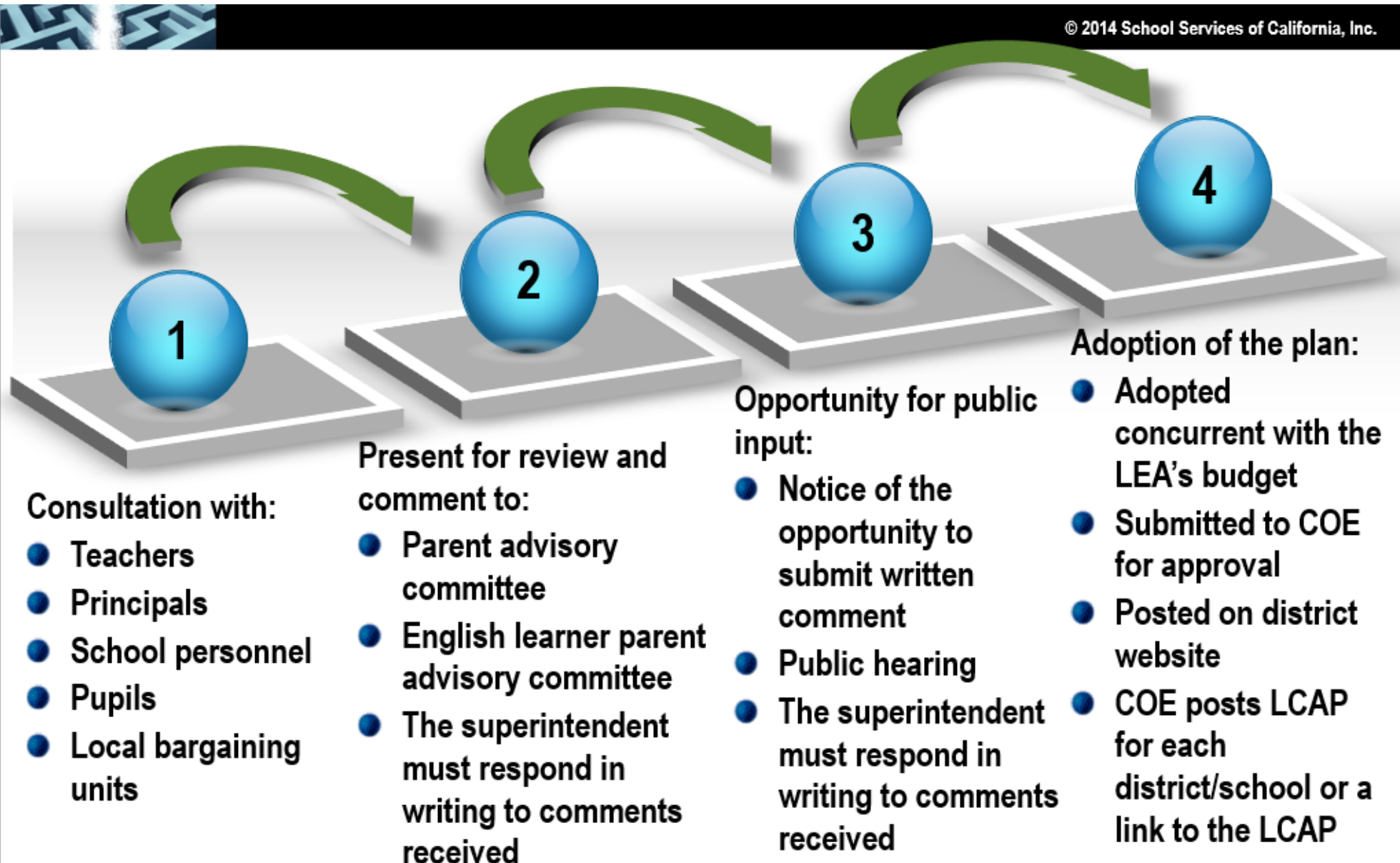
Who will you consult in developing your goals?

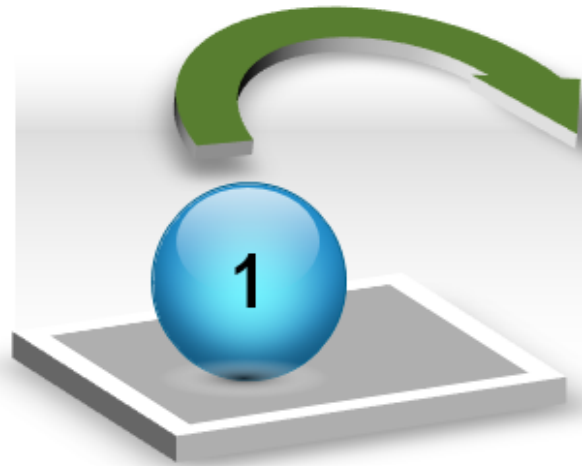


**Inform**

Who will you need to keep informed and offer opportunities for input?







## Consultation with:

- Teachers
- Principals
- School personnel
- Pupils
- Local bargaining units

**We are including parents & community!**

## Level of Engagement

### INVOLVE

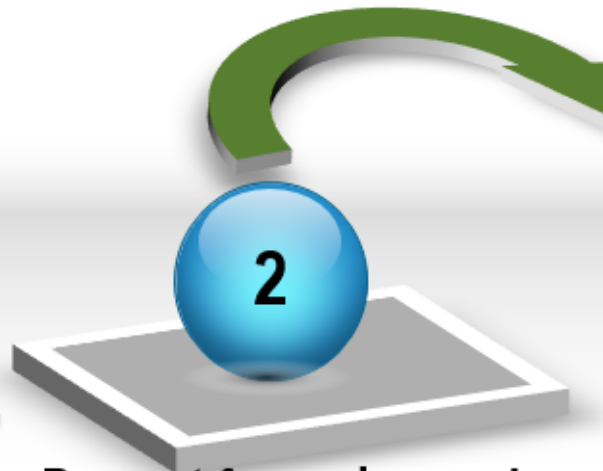
- *Remember you need to start with your needs assessment*
- *We believe that the collection of data and identification of needs is the responsibility of the leaders of the district and must precede this level of engagement*

## Promise to Stakeholders

- We will work with you to ensure that your concerns are reflected in the goals and actions of the LCAP

## Methods of Engagement

- Forums and workshops



Present for review and comment to:

- Parent advisory committee
- English learner parent advisory committee
- The superintendent must respond in writing to comments received

## Level of Engagement

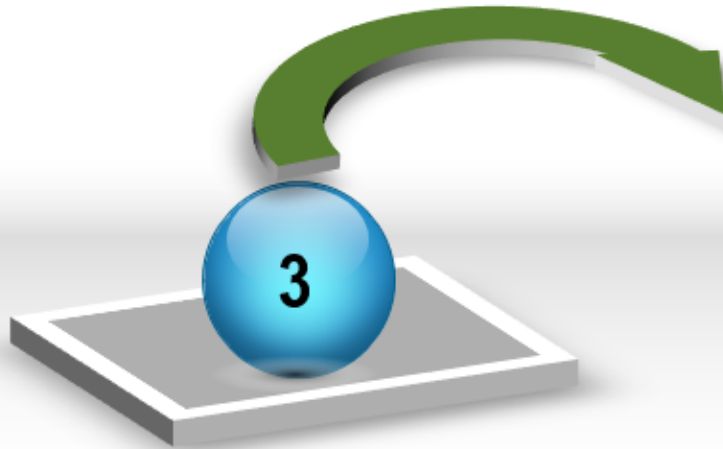
### ● CONSULT

## Promise to Stakeholders

- We will keep you informed, listen to and acknowledge concerns, and provide feedback on how your input has influenced the LCAP goals and actions

## Methods of Engagement

- Surveys
- Focus groups
- Public meetings



### Opportunity for public input:

- Notice of the opportunity to submit written comment
- Public hearing
- The superintendent must respond in writing to comments received

### Level of Engagement

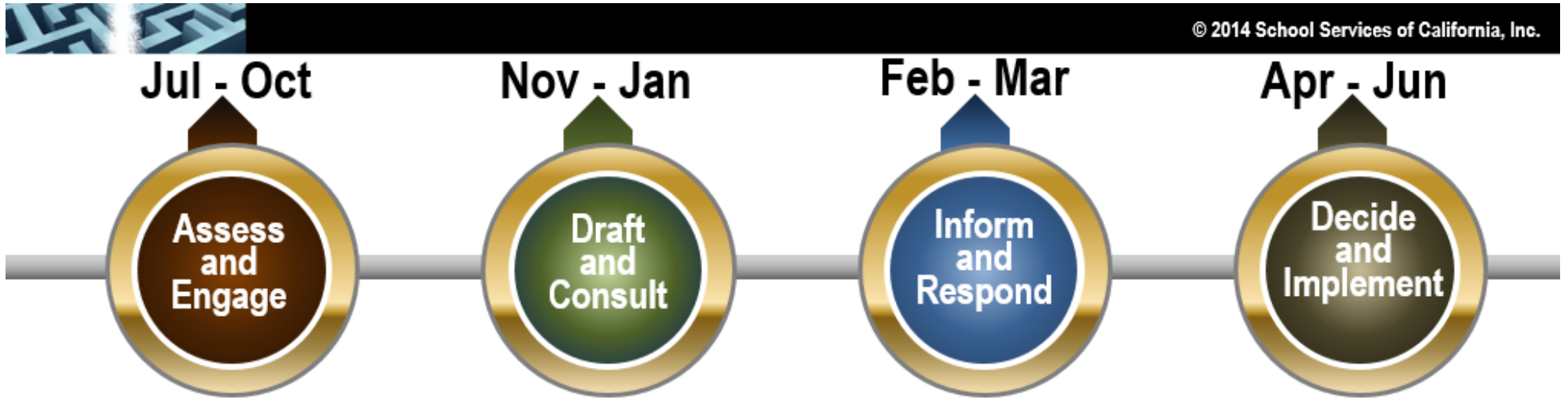
- INFORM

### Promise to Stakeholders

- We will keep you informed and provide you an opportunity to comment on our plan

### Methods of Engagement

- Fact Sheets
- Newsletters
- Notices regarding comment period
- Notice of Public Hearing



**Conduct needs assessment and involve parents, community members, students, staff, and bargaining units in a discussion of goals.**

**Identify goals, actions, and metrics. Once the Governor's January Budget is released, you can begin thinking about the resources you may have available. Consult with parent groups, advisory committees, and other interested stakeholders.**

**Inform advisory groups and other interested stakeholders of the proposed plan. Respond to input and comments.**

**Finalize the plan following the Governor's May Revision. Hold public meetings on the LCAP and district budget. Respond to any public comments and adopt the LCAP and budget at a subsequent meeting.**

- **The consultation period needs to be formal and data-driven**
  - **We have an eight-year LCFF implementation period, a three-year plan, and defined actions for the first budget year**
  - **We do not have to do everything the first year, but we need to set the stage for continuous improvement**
  - **What does our assessment data tell us about what we need to address first?**
    - **It may be appropriate to address gateway skills like elementary reading and math to build a foundation for the future**
    - **But in other districts, parent involvement, teacher preparation, or facilities may need to be addressed first**
    - **Many of the eight LCAP focus areas specified by the state are tightly inter-related and implementation of one strategy may help other areas**
      - **The planning categories in the proposed template will help you keep an eye on alignment**

- The Deferred Maintenance program is now permanently part of the LCFF base grant
  - Funds may be used for any educational purpose
  - No local contribution is required to receive the funds
- LEAs should:
  - Evaluate deferred maintenance needs
  - Include deferred maintenance and other capital facilities needs in the context of the entire budget
  - Remember that we need safe, clean, and functional school facilities in order to support the learning environment
- Compliance requirements do not cease to exist when the state eliminates the categorical program
  - Williams Settlement
  - Program Improvement status/requirements



- **“You got 11%; you owe me 11%” will not work!**
- **Districts receive LCFF dollars for the base grant, the supplemental grant, and the concentration grant**
  - **The increase in the base grant is generated by all students and is available for expenditure for any legal purpose – good money for negotiations**
  - **The supplemental and concentration grants are dedicated to “increasing and improving services” for the students who generate the funding**
  - **If the parties plan to use supplemental or concentration grant funding for any purpose, they must answer the question, “why is this expenditure the most effective use of funds?”**
- **So, the parties need to be sure that the LCAP establishes a nexus between the use of funds for compensation and “increased and improved” services**

- **Services to students are clearly “increased and improved” if you:**
  - **Extend the number of instructional minutes and the teacher workday**
  - **Add teachers for supplementary programs or to reduce class sizes**
  - **Add stipends or special columns on the salary schedule for teachers who improve their qualifications to serve eligible students**
  - **Increase beginning teacher salaries to attract particularly well-qualified teachers**
- **An across the board salary increase might meet the test under the right circumstances, and provided the LCAP details the rationale for raising compensation, but this is not automatic**
- **The key is the LCAP; it must support the expenditure of supplemental and concentration grant funding**

# Budget Update

Please remember we are extremely early in the budget process so projections and estimates will change!

- While the process is complicated and covers six months, here's the CliffsNotes™ version

**January 10**

**February**

**Early Spring**

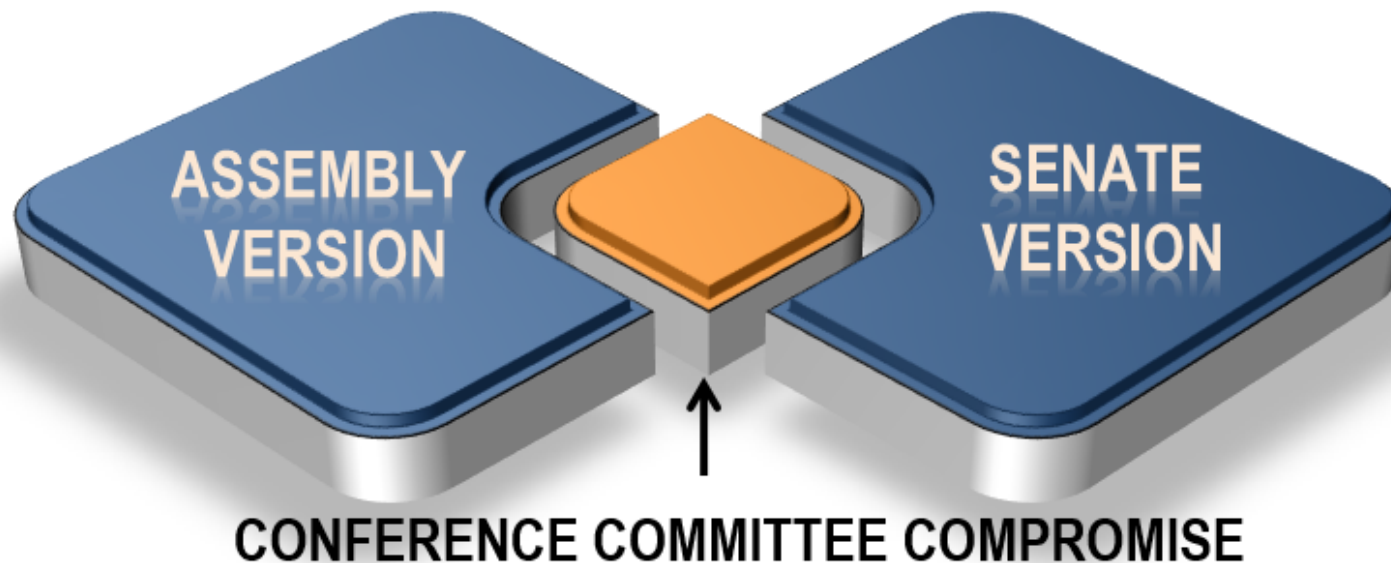
**Governor introduces  
State Budget  
Proposal**

**Budget Bill  
introduced in both  
houses shortly  
thereafter**

**Budget Trailer Bills  
are released,  
providing critical  
details to the  
January proposal**

**Budget  
Subcommittees  
examine specific  
details of the Proposal**  
  
**Some policy decisions  
made, most delayed  
until May Revision**

- Following the Governor's May Revision, which provides an update to the Governor's Proposal based on new revenue figures and stakeholder feedback, the subcommittees independently finish their work
  - Subcommittees report to their respective Assembly or Senate Budget Committee, which approves their version of a State Budget
- In "normal" years, a Budget Conference Committee is established to hash out the differences between the two houses



- **Given the revenue gains in 2013-14 and the extraordinarily high level of funding proposed for 2014-15 through LCFF, most districts will be able to do something in terms of compensation increases and/or restoration of concessions**
- **But not all districts will be able to do more**
  - **Districts with heavy declining enrollment, low reserves and high levels of deficit spending may be asking for concessions, even as neighboring districts are giving raises**
  - **Districts with low numbers of LCFF-eligible students may find that step and column movement, health and welfare benefit cost increases, and deficit spending consume all new monies**
  - **Every district will have a different level of revenue and capacity for addressing compensation**
- **For most districts, restoration of concessions will be a top priority**

- **This will likely be a very challenging year for collective bargaining**
  - **There are too many issues, many new concepts, and very little time**
- **The typical District will be negotiating most of the following issues:**
  - **Restoration of past concessions**
  - **The effects of pension reform**
  - **Potential compensation increases**
  - **Professional development related to Common Core**
  - **The effects of the Affordable Care Act**
  - **Class-size reduction progress**
  - **Maintenance of Adult Education and Regional Occupational Program programs**
- **All of this on top of the time and energy needed to develop the LCAP**

- The Governor acknowledges the \$80.4 billion shortfall within the CalSTRS basic retirement plan
  - Assets may be exhausted in 30 years
- Would cost more than \$4.5 billion per year to resolve right now
  - Bad news does not get better with age – this will grow if not addressed
- Three ways to fix it:
  - Reduce benefits: difficult given legal protections
    - Already in place for new hires starting January 1, 2013
  - Increase earnings: means taking more risk with investment portfolio
  - Increase contributions: most likely solution

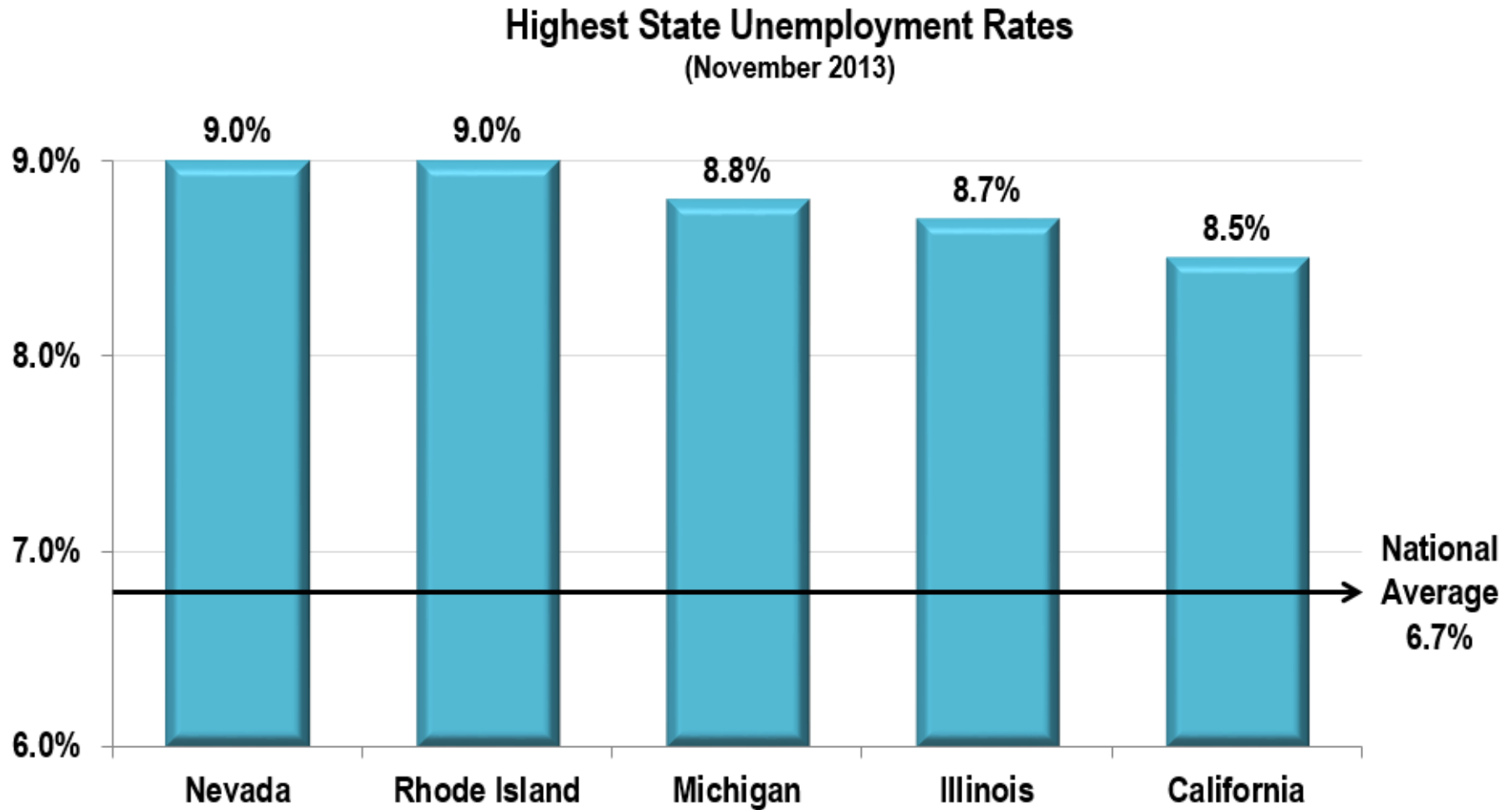


- CalSTRS contribution rates and benefit levels are set in statute
  - Legislation is required to change the rates
- The Governor proposes to work with stakeholders on a “plan of shared responsibility” to achieve a fully funded system within 30 years
  - He also states that:
    - Employers should anticipate absorbing much of any increased contribution requirement
    - The state’s role as a contributor should be evaluated
    - The funding plan will be included in his 2015-16 Budget Proposal
- Employers need to brace themselves for increased CalSTRS contribution requirements in multiyear financial planning

- **Echoed by Senate President pro Tempore Darrell Steinberg (D-Sacramento) as a State Budget priority and introduced as SB 837 (Steinberg, et al.):**
  - **Implementation would begin in 2015-16, rolling out in a similar fashion to current TK implementation and fully implemented by 2019-20**
  - **Class sizes no larger than 20, with each class having a teacher and an associate teacher**
  - **TK students would earn two-thirds of the K-3 base grant and grade span adjustment**
- **Senator Steinberg estimates SB 837 would cost nearly \$1 billion ongoing once fully implemented**
- **While this is the only major education proposal to date, other proposals are likely to emerge**

## State Unemployment Rate Still One of the Highest In the United States

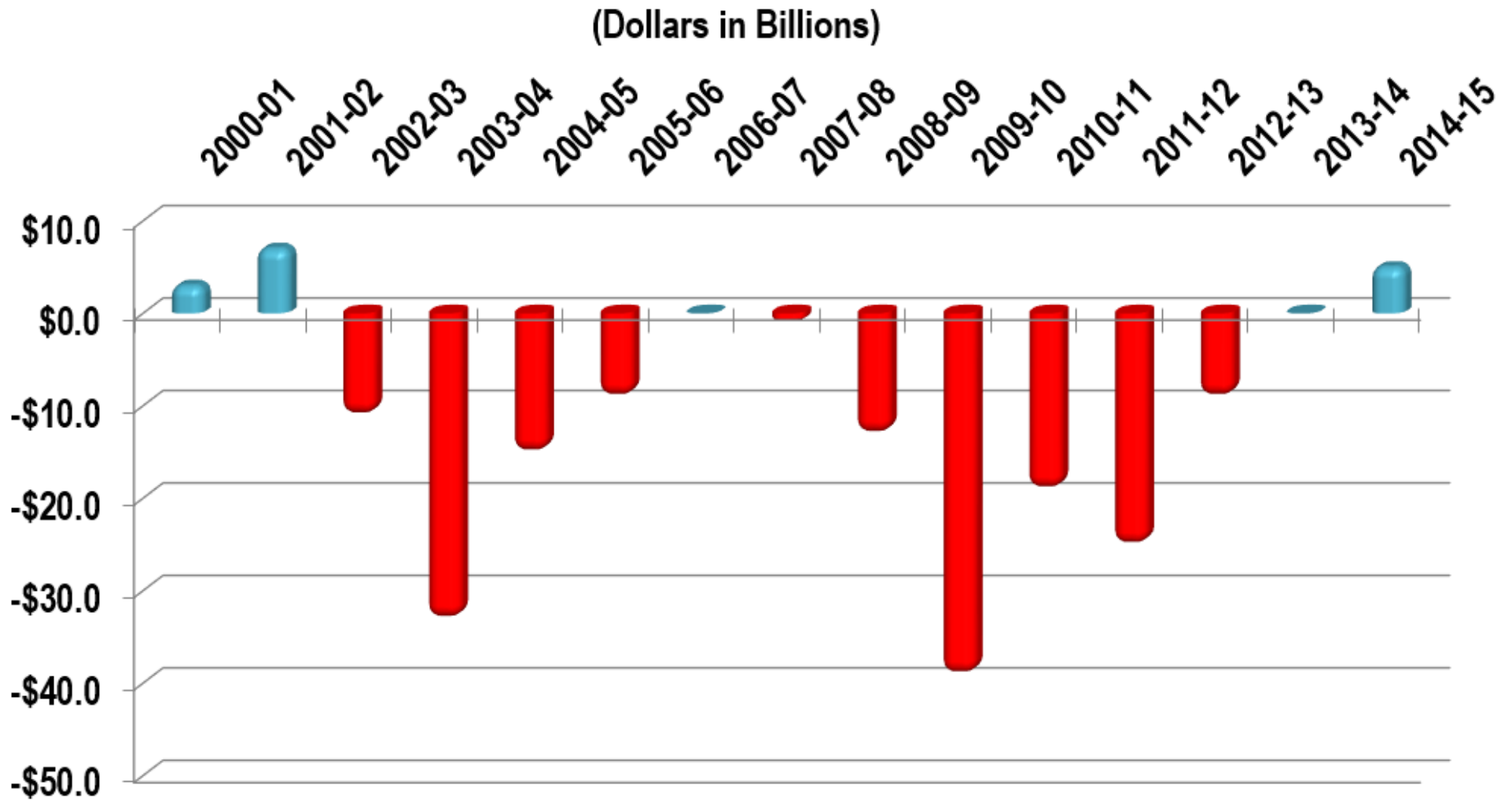
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Source: Bureau of Labor Statistics, November 2013

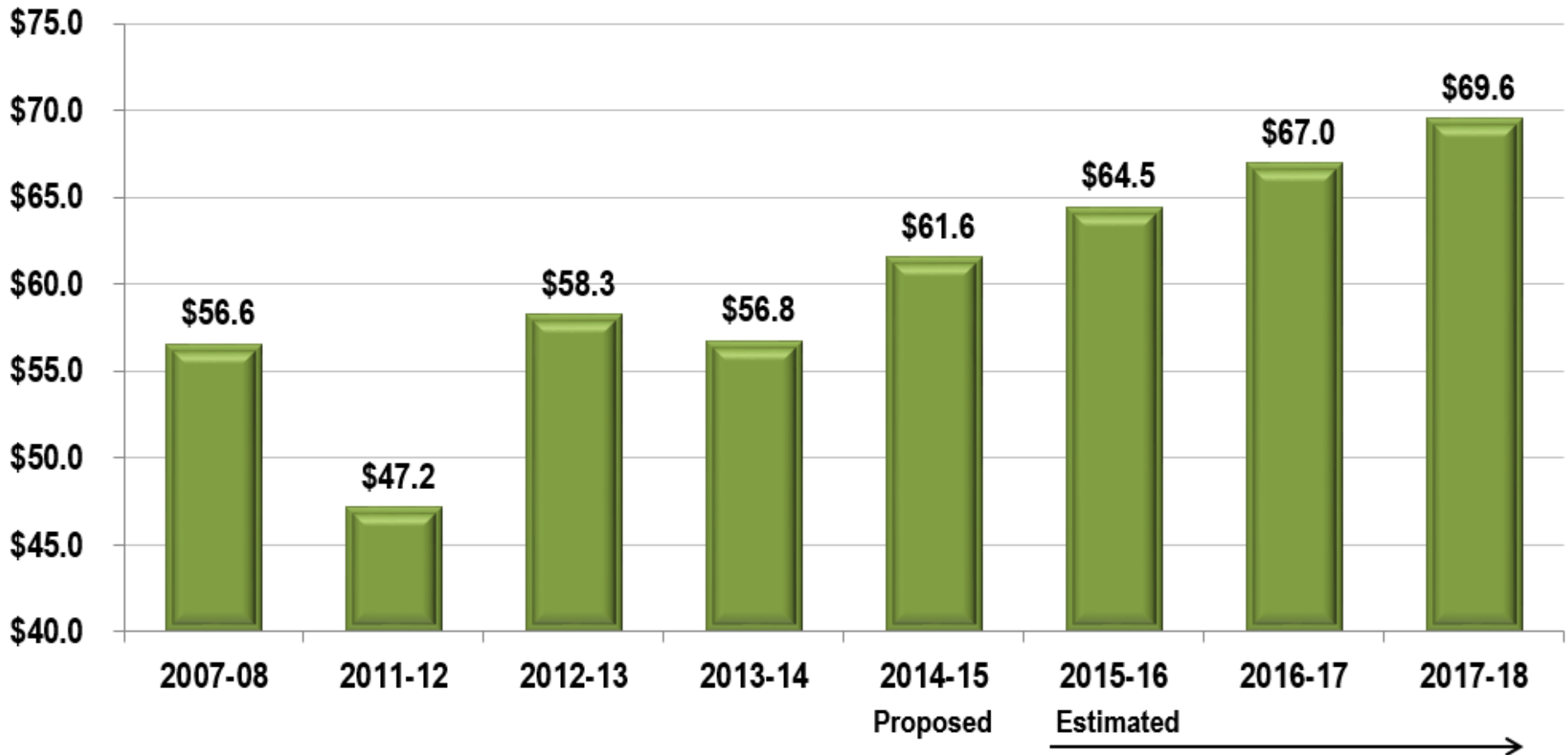
## Small Recovery Begins After Decade of Deficits

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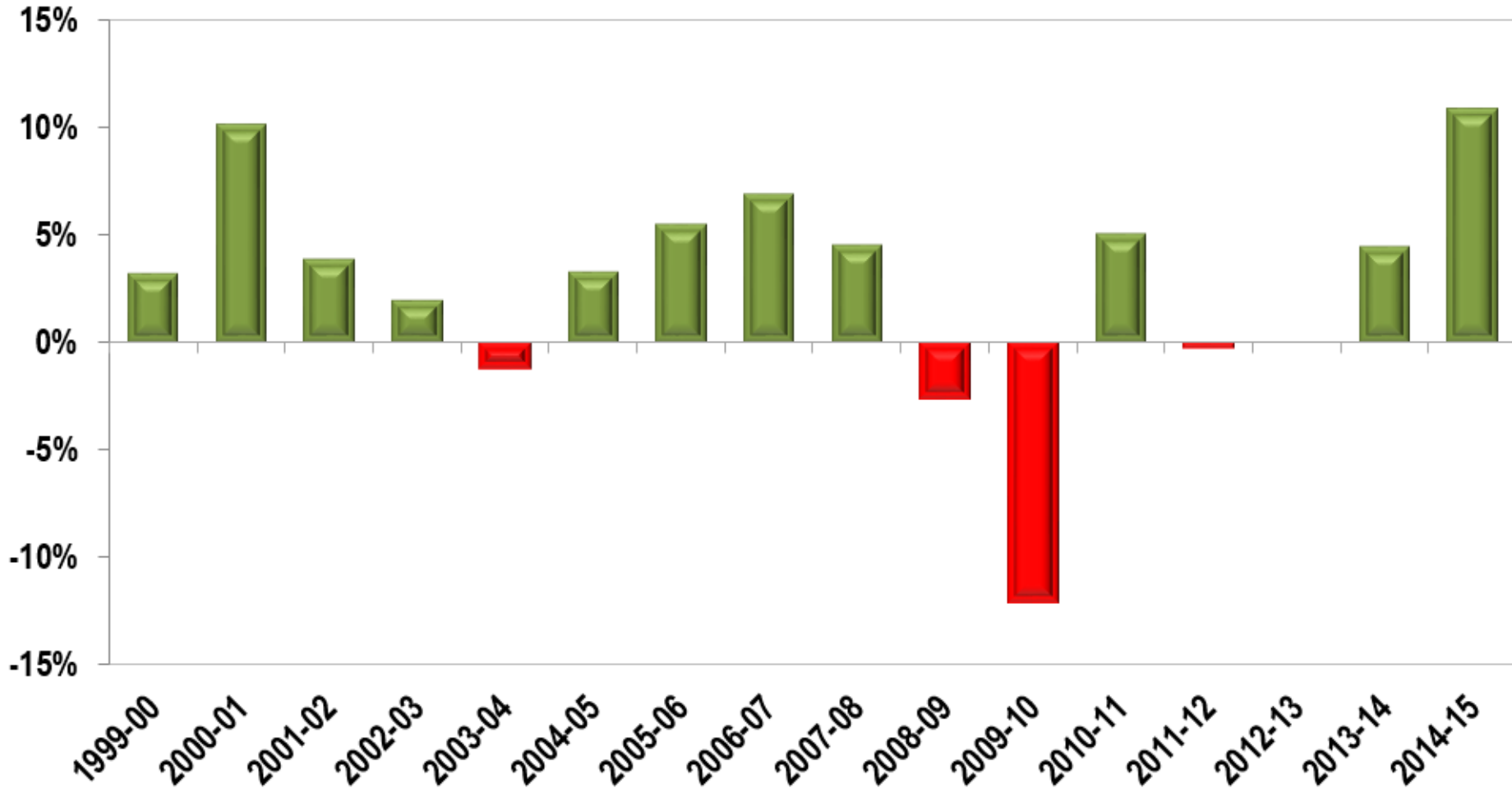
Source: Governor's Budget Summary, page 5

**Budget Continues to Invest in Education**  
 (Proposition 98 Dollars in Billions)



Source: Governor's Budget Summary, page 5

## Per-Average Daily Attendance Revenue Change



- **Results of the 2013 Grades 4 and 8 Math and Reading Proficiency Scoring from the National Assessment of Educational Progress (NAEP) show that the majority of the lowest performing states with the lowest levels of proficiency in math and reading rank in the 15 states with the lowest expenditures per ADA**
  - **This includes California, Arizona, Georgia, Mississippi, Nevada, Oklahoma, Tennessee, and Texas**
  
- **Conversely, the states with the highest 2013 Grades 4 and 8 Math and Reading Proficiency Scoring rank in the top 15 states with the highest per-ADA expenditures in 2011-12**
  - **This includes Connecticut, Maine, Montana, New Hampshire, New Jersey, North Dakota, Pennsylvania, Vermont, and Wyoming**

- Overall, California's per pupil expenditures continue to lag the national average, ranking 49<sup>th</sup> in the nation in 2011-12, the most recent data comparison
  - California reported per pupil expenditures of \$8,341, comprising about 70% of the U.S. average of \$11,864
  
- California continues to have some of the highest salaries in the U.S.; however, student enrollment to teacher is also reported as the highest in the nation in 2011-12 at 25.6:1
  - Other student enrollment to staff ratios continue to grow:

	2009-10	2010-11
Guidance Counselors	810:1	1,016:1
Librarians	5,489:1	8,309:1



## Education Expense Per ADA Ranking of the States 2011-12

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Ranking	State	Current Expense Per Student (Adjusted for Regional Cost Differences)	Percentage of National Average
1	Wyoming	\$19,534	165%
2	Alaska	\$17,554	148%
3	Vermont	\$17,388	147%
4	New York	\$16,835	142%
5	Maine	\$15,063	127%
6	New Jersey	\$14,920	126%
7	Rhode Island	\$14,794	125%
8	Connecticut	\$14,751	124%
9	New Hampshire	\$14,556	123%
10	Montana	\$14,489	122%
	<i>United States</i> <sup>1</sup>	\$11,864	100.0%
49	California	\$8,341	70%

Source: Education Week Quality Counts 2014 – January 9, 2014

<sup>1</sup>United States Average includes the District of Columbia

## Average Teacher Salaries & Student/Teacher Ratio National Rankings: 2011-12

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Ranking	State	Average Salaries of Public School Teachers
1	New York	\$73,398
2	Massachusetts	\$71,721
3	Connecticut	\$69,465
4	District of Columbia	\$68,720
5	California	\$68,531
6	New Jersey	\$67,078
7	Maryland	\$63,634
8	Alaska	\$62,425
9	Rhode Island	\$62,186
10	Pennsylvania	\$61,934
	United States	\$55,418

Ranking	State	Students Enrolled Per Teacher in Public K-12 Schools
1	California	25.6
2	Utah	21.9
3	Oregon	20.2
4	Washington	19.7
5	Michigan	18.4
6 (tie)	Idaho	18.2
6 (tie)	Nevada	18.2
8	Arizona	18.0
9	Colorado	17.8
10	Ohio	17.3
	United States	16.0

Source: NEA Rankings and Estimates 2012

- California's staffing ratios continue to grow, causing increased pressure on staff and students

### California's Schools Lag Behind Other States on a Number of Measures



















	California Rank	California	Rest of U.S.
K-12 Spending Per Student (2011-12)*	49	\$8,341	\$11,364
<b>Staffing</b>			
K-12 Students Enrolled Per Teacher (2011-12)*	Last	25.6	16.0
K-12 Students Per Administrator/Official (2010-11)**	N/A	1,757	766
K-12 Students Per Guidance Counselor (2010-11)**	N/A	1,016	471
K-12 Students Per Librarian (2010-11)**	N/A	8,309	984

Note: Number of students per administrator, guidance counselor, and librarian are based on statewide enrollment

\*Source: Education Week Quality Counts 2014 – January 9, 2014

\*\*Source: National Center for Education Statistics digest of Education Statistics 2012

- Those who have education beyond high school earn more, and are more likely to be employed than those with a high school diploma or less

Education	Unemployment Rate, 2012	Median Weekly Earnings, 2012
Doctoral degree	 2.5%	 \$1,624
Professional degree	 2.1%	 \$1,735
Master's degree	 3.5%	 \$1,300
Bachelor's degree	 4.5%	 \$1,066
Associate's degree	 6.2%	 \$785
Some college (no degree)	 7.7%	 \$727
High school diploma	 8.3%	 \$652
Less than high school	 12.4%	 \$471
All	 6.8%	 \$815

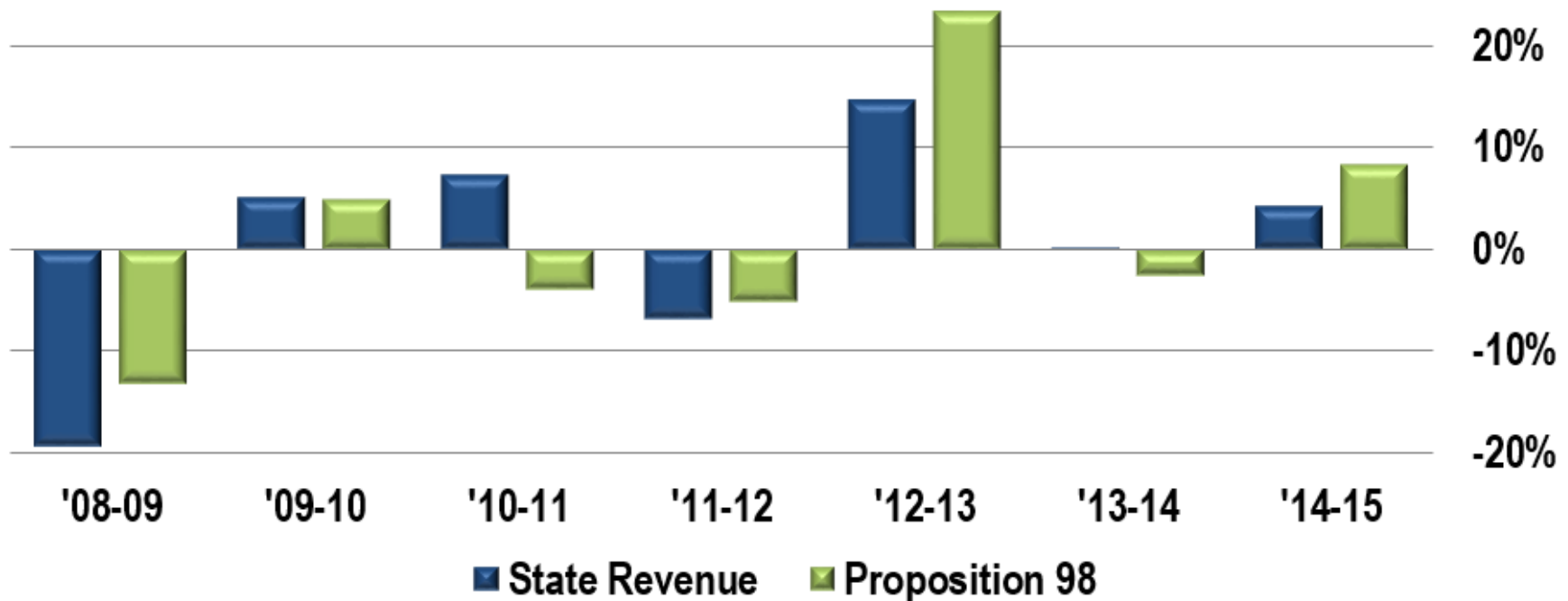
Note: Data are for persons 25 and older. Earnings are for full-time wage and salary workers.

Sources: U.S. Bureau of Labor Statistics, the College Board

The Sacramento Bee, December 22, 2013

- Proposition 98 growth or decline closely tracks changes in state revenue
  - As the state goes, so goes education funding

Annual Percentage Change:  
State Revenues Compared With Proposition 98



**Fitch affirmed our rating as 'A'. However, they revised our Rating Outlook to Negative from Stable. Fitch cited several significant factors for their rating change:**

- **Poor Financial Performance:**
  - **“Failure to return to structural budget balance in fiscal year 2014” (current fiscal year).**
  - **“Financial oversight is weak.”**
  - **“Failure to control spending.”**
  - **“The district’s financial position remains surprisingly weak in the face of a much improved revenue environment.”**
- **Weak Reserve Position:**
  - **“The district’s reserves are very weak...”**

- **Challenging Budget Environment:**
  - **“The district...has no meaningful revenue raising flexibility because of state law, forcing budget adjustments to be made primarily through expenditure reductions.”**
- **Significant Long-Term Liabilities:**
  - **“... a poorly funded teachers’ pension plan, and a large unfunded liability for other post-employment benefits (OPEB).”**
  - **“The district’s unfunded accrued actuarial OPEB liability is particularly high at \$632.7 million, or 2.5% of assessed valuation (AV).**
- **Management Weakness:**
  - **“The governing board has shown a willingness to spend down reserves to an inadequate level.”**
- **Failure to Resolve Structural Imbalance:**
  - **“Fitch expects to downgrade the ratings if the district does not convincingly restore structural balance in the near term.”**

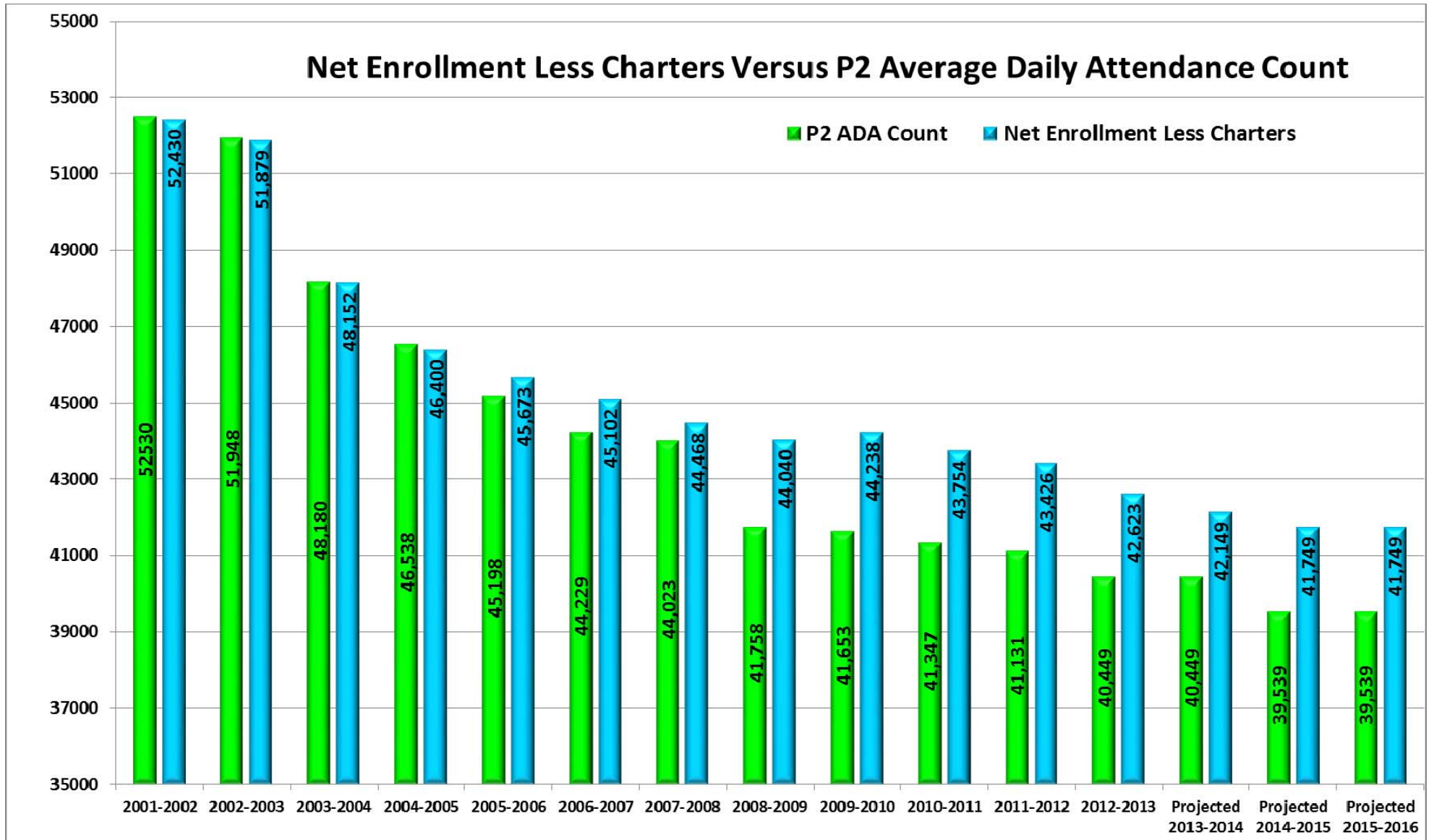
### Enrollment Analysis 2008-2009 Through 2015-2016 Projected

Description	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016
Enrollment	48,155	47,890	47,896	47,939	47,616	47,517	47,117	47,117
# Charter Schools	12	10	11	12	13	13	13	13
Charter Enrollment	4,115	3,652	4,142	4,513	4,993	5,368	5,368	5,368
Charter Enrollment As A % of Total Enrollment	8.55%	7.63%	8.65%	9.41%	10.49%	11.30%	11.39%	11.39%
Net Enrollment Less Charters	44,040	44,238	43,754	43,426	42,623	41,405	40,205	39,005
Special Education	5,257	5,365	5,397	5,654	5,792	5,590	5,428	5,266
Special Education As A % of Net Enrollment	11.94%	12.13%	12.33%	13.02%	13.59%	13.50%	13.50%	13.50%
P2 ADA Count	41,758	41,653	41,347	41,131	40,449	39,177	38,042	36,907
ADA As A % of Net Enrollment	94.82%	94.16%	94.50%	94.72%	94.90%	94.62%	94.62%	94.62%

Description	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016
Enrollment Difference	(428)	198	(484)	(328)	(803)	(1,218)	(1,200)	(1,200)
ADA Difference	(2,265)	(105)	(306)	(216)	(682)	(1,272)	(1,135)	(1,135)

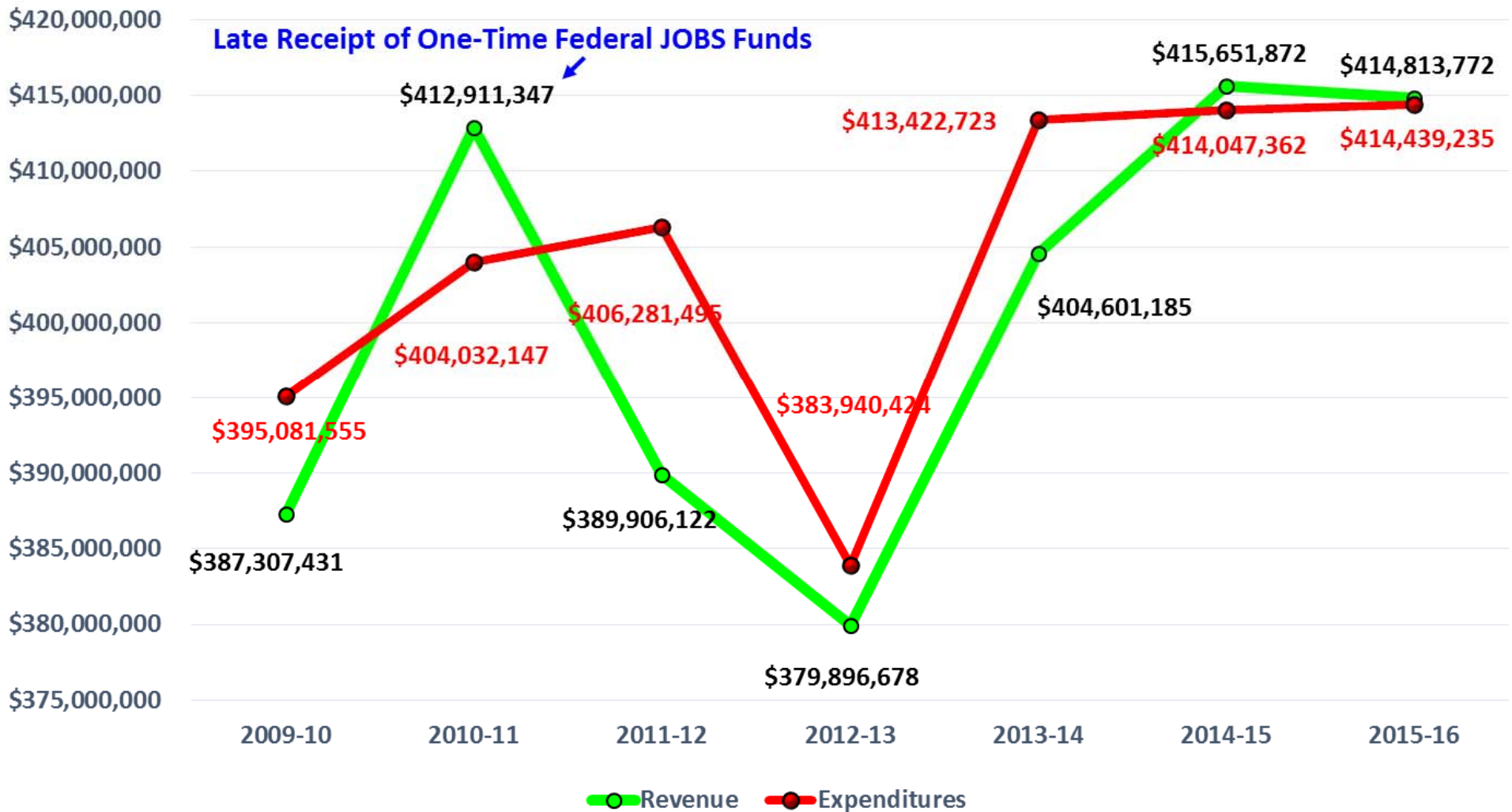


## Declining Enrollment Trend Continues



## History of Deficit Spending Plan To Eliminate

Historical / Projected Deficit Spending - Expenditures Exceed Revenue



## Inadequate Ending Fund Balance Plan To Restore To Adequate Level Over Time

### Sacramento City Unified General Fund Revenue / Expenditure / Ending Fund Balance Analysis

Fiscal Year	Funded Average Daily Attendance	Revenue	Expenditures	Other Financing Sources	Excess (Deficiency) Of Revenues Over Expenditures	Ending Fund Balance	Ending Fund Balance As A % Of Expenditures
1999-00	50,223	\$ 320,821,412	\$ 317,485,562	\$ (4,910,235)	\$ 3,335,850		
2000-01	51,253	\$ 370,008,605	\$ 353,410,279	\$ (4,952,640)	\$ 16,598,326		
2001-02	52,530	\$ 378,733,395	\$ 376,989,436	\$ (5,459,977)	\$ 1,743,959		
2002-03	51,948	\$ 386,504,867	\$ 384,777,142	\$ 3,111,338	\$ 1,727,725		
2003-04	48,181	\$ 370,874,078	\$ 380,704,516	\$ 1,962,040	\$ (9,830,438)	\$ 19,970,998	5.25%
2004-05	46,539	\$ 383,478,608	\$ 382,196,844	\$ 894,914	\$ 1,281,764	\$ 22,147,676	5.79%
2005-06	45,198	\$ 386,961,308	\$ 382,805,406	\$ 1,213,710	\$ 4,155,902	\$ 27,517,289	7.19%
2006-07	44,230	\$ 408,859,700	\$ 402,137,965	\$ 566,894	\$ 6,721,735	\$ 34,805,917	8.66%
2007-08	44,024	\$ 414,691,669	\$ 412,900,869	\$ (954,831)	\$ 1,790,800	\$ 35,641,886	8.63%
2008-09	41,758	\$ 413,081,928	\$ 408,003,168	\$ 4,793,081	\$ 5,078,760	\$ 45,513,727	11.16%
2009-10	41,653	\$ 387,307,431	\$ 395,081,555	\$ (13,379,013)	\$ (7,774,124)	\$ 24,360,591	6.17%
2010-11	41,347	\$ 412,911,347	\$ 404,032,147	\$ 1,159,632	\$ 8,879,200	\$ 34,399,424	8.51%
2011-12	41,131	\$ 389,906,122	\$ 406,281,495	\$ 3,089,445	\$ (16,375,373)	\$ 21,113,495	5.20%
2012-13	40,638	\$ 379,896,678	\$ 383,940,424	\$ 2,339,596	\$ (4,043,746)	\$ 19,409,345	5.06%
2013-14	40,449	\$ 404,601,185	\$ 413,422,723	\$ 1,381,423	\$ (8,821,538)	\$ 9,206,383	2.23%
2014-15	39,177	\$ 415,651,872	\$ 414,047,362	\$ (533,015)	\$ 1,071,495	\$ 11,277,878	2.72%
2015-16	38,042	\$ 414,813,772	\$ 414,439,235	\$ 310,320	\$ 1,684,857	\$ 13,342,095	3.22%
2013-14	State Required Minimum>>		\$ 8,268,454	Amount Above Minimum>>		\$ 937,929	0.23%
State Average For California Unified School Districts 2011-2012>>						\$ 63,832,468	15.44%
GFOA Recommended Reserve TWO Months of Operating Capital>>						\$ 70,901,997	17.15%

## Projected General Fund Revenue

### Multi-Year Forecast - Build Reserves 7.1% FY 2014-15 and 4.0 FY 2015-16\*\*

Enrollment <b>Funded*</b> Average Daily Attendance	FY 2013-14	FY 2014-15			FY 2015-16		
	41,405	40,205			39,005		
	40,449	39,177			38,042		
Revenue Description	Amount	Amount	% of Revenue	% Change	Amount	% of Revenue	% Change
LCFF Sources [8010-8099]	\$ 289,181,719.50	\$ 302,173,255.00	71.1%	4.5%	\$ 305,229,000.00	71.6%	1.0%
Loss Due To Declining Enrollment LCFF Sources	\$ (4,807,170.00)	\$ (7,173,255.00)	-1.7%	49.2%	\$ (7,229,000.00)	-1.7%	0.8%
Federal Revenue [8100-8299]	\$ 52,306,676.54	\$ 47,304,850.54	11.1%	-9.6%	\$ 47,304,850.54	11.1%	0.0%
Other State Revenue [8300-8599]	\$ 56,588,892.21	\$ 63,132,427.21	14.9%	11.6%	\$ 59,294,327.21	13.9%	-6.1%
Other Local Revenue [8600-8799]	\$ 9,713,898.62	\$ 9,438,426.36	2.2%	-2.8%	\$ 9,438,426.36	2.2%	0.0%
Transfers In [8900-8929]	\$ 1,617,168.00	\$ 776,168.00	0.2%	-52.0%	\$ 776,168.00	0.2%	0.0%
All Revenue Objects and Transfers In	\$ 404,601,184.87	\$ 415,651,872.11	97.8%	2.7%	\$ 414,813,772.11	97.4%	-0.2%
Beginning Fund Balance	\$ 19,409,344.80	\$ 9,206,383.27	2.2%	-52.6%	\$ 11,277,878.35	2.6%	22.5%
<b>Total Anticipated Revenue &amp; Beginning Fund Balance</b>	<b>\$ 424,010,529.67</b>	<b>\$ 424,858,255.38</b>	<b>100.0%</b>	<b>0.2%</b>	<b>\$ 426,091,650.46</b>	<b>100.0%</b>	<b>0.3%</b>

## Projected General Fund Expenses

### Multi-Year Forecast - Build Reserves 7.1% FY 2014-15 and 4.0 FY 2015-16\*\*

Expenditure Description	Amount	Amount	Budget	Change	Amount	Budget	Change
Certificated Salaries	\$ 173,799,058.53	\$ 175,230,853.72	42.3%	0.8%	\$ 175,636,650.25	42.3%	0.2%
Classified Salaries	\$ 49,884,203.79	\$ 50,141,393.59	12.1%	0.5%	\$ 50,165,904.29	12.1%	0.0%
Employee Benefits	\$ 89,104,242.31	\$ 94,217,745.19	22.7%	5.7%	\$ 92,586,621.02	22.3%	-1.7%
OPEB - Current Year Payments	\$ 21,410,742.26	\$ 22,053,064.32	5.3%	3.0%	\$ 22,714,656.25	5.5%	3.0%
Books & Supplies	\$ 26,038,468.63	\$ 17,176,470.05	4.1%	-34.0%	\$ 17,360,627.88	4.2%	1.1%
Services & Other Operating Expenses	\$ 52,898,352.68	\$ 53,756,210.38	13.0%	1.6%	\$ 53,187,120.22	12.8%	-1.1%
Capital Outlay	\$ 287,655.25	\$ 287,655.25	0.1%	0.0%	\$ 287,655.25	0.1%	0.0%
Other Outgo/Indirect Costs/Other Adjustments	\$ 1,381,422.95	\$ (533,015.47)	-0.1%	-138.6%	\$ 310,319.95	0.1%	-158.2%
Dedicated Amount Towards OPEB	\$ -	\$ 1,000,000.00	0.2%		\$ 1,000,000.00	0.2%	0.0%
Dedicated Amount Towards Operating Reserve	\$ -	\$ 1,000,000.00	0.2%		\$ 1,000,000.00	0.2%	0.0%
<b>Excess or Deficit</b>	<b>\$ -</b>	<b>\$ 250,000.00</b>	<b>0.1%</b>		<b>\$ 500,000.00</b>	<b>0.1%</b>	<b>100.0%</b>
<b>Total Adopted Budget Expenditures</b>	<b>\$ 414,804,146.40</b>	<b>\$ 414,580,377.03</b>	<b>100.0%</b>	<b>-0.1%</b>	<b>\$ 414,749,555.11</b>	<b>100.0%</b>	<b>0.0%</b>
<b>Anticipated Ending Fund Balance</b>	<b>\$ 9,206,383.27</b>	<b>\$ 10,277,878.35</b>	<b>2.5%</b>	<b>11.6%</b>	<b>\$ 11,342,095.35</b>	<b>2.7%</b>	<b>10.4%</b>

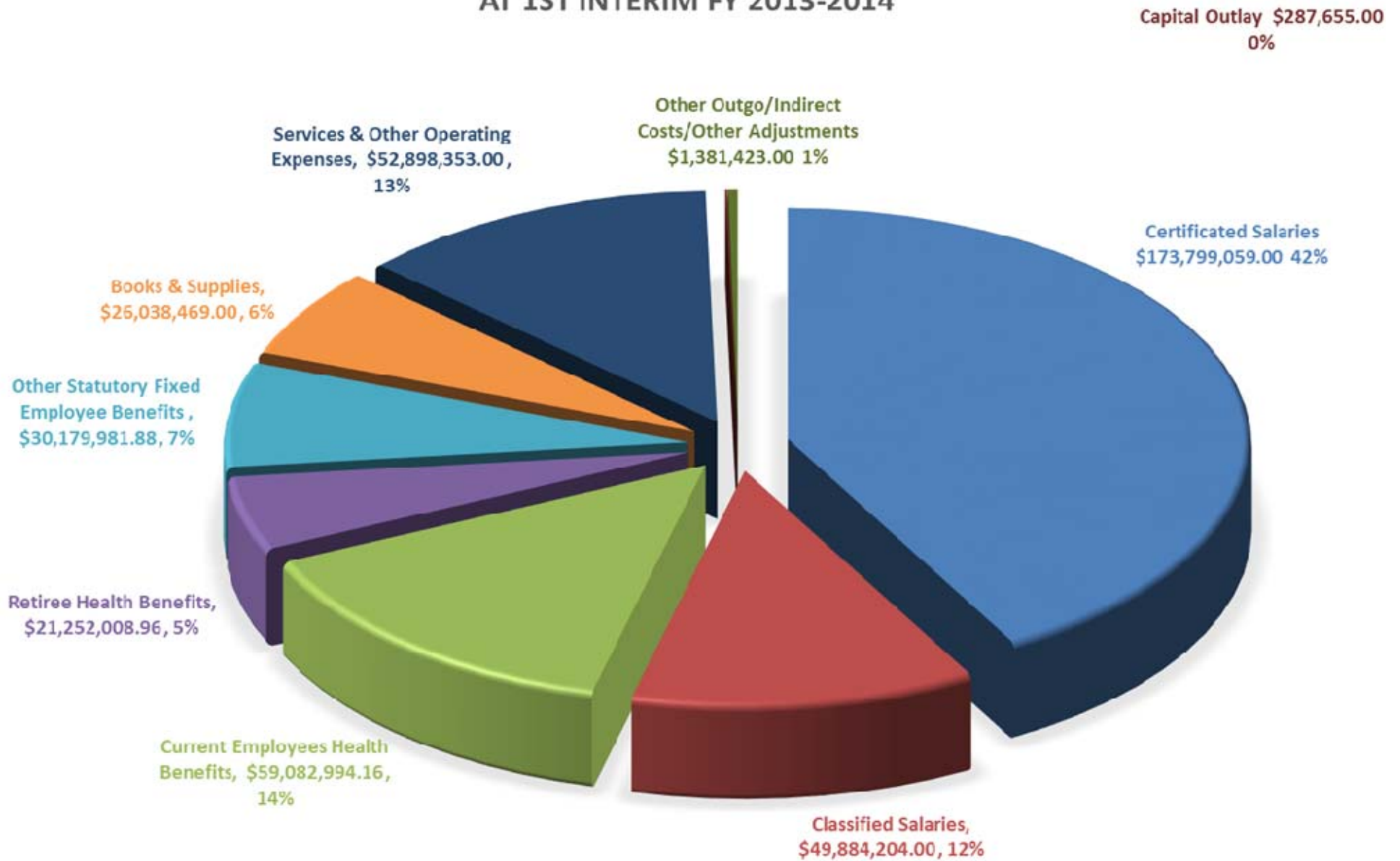
## Projected General Fund Reserves Projection Notes

Required Reserves	Amount	Amount	% of Budget	% Change	Amount		%
Reserve For Economic Uncertainties	\$ 8,296,082.93	\$ 8,291,607.54	2.0%	-0.1%	\$ 8,294,991.10	2.0%	0.0%
Revolving Cash	\$ 225,000.00	\$ 225,000.00	0.1%	0.0%	\$ 225,000.00	0.1%	0.0%
Stores Inventory	\$ 320,000.00	\$ 320,000.00	0.1%	0.0%	\$ 320,000.00	0.1%	0.0%
Dedicated Ending Fund Balance Reserve	\$ -	\$ 1,000,000.00	0.2%		\$ 2,000,000.00	0.5%	100.0%
<b>Total Required Reserves</b>	<b>\$ 8,841,082.93</b>	<b>\$ 9,836,607.54</b>	<b>2.4%</b>	<b>11.3%</b>	<b>\$ 10,839,991.10</b>	<b>2.6%</b>	<b>10.2%</b>
<b>Anticipated Unreserved Ending Fund Balance</b>	<b>\$ 365,300.34</b>	<b>\$ 441,270.81</b>	<b>0.1%</b>	<b>20.8%</b>	<b>\$ 502,104.25</b>	<b>0.1%</b>	<b>13.8%</b>
Cumulative Increase In Ending Fund Balance	\$ -	\$ 1,000,000.00	0.2%		\$ 2,000,000.00	0.5%	
<b>Total Ending Fund Balance / As A % Of Expenditures</b>	<b>\$ 9,206,383.27</b>	<b>\$ 11,277,878.35</b>	<b>2.7%</b>		<b>\$ 13,342,095.35</b>	<b>3.2%</b>	<b>3.2%</b>
<b>Estimated Total On Deposit For OPEB / As A % Of Obligation</b>	<b>\$ 17,000,000.00</b>	<b>\$ 18,000,000.00</b>		<b>2.8%</b>	<b>\$ 19,000,000.00</b>		<b>2.9%</b>
<b>Estimated Contingent Liability Based On Accrual Study</b>	<b>\$ 653,000,000.00</b>						
Salaries include step and column increase for FY 2014-15 and FY 2015-16							
Health Benefits are projected to increases by 2% for FY 2014-15 and FY 2015-16 Plus \$1 Million Into OPEB Reserve.							
Utilities increase by 10% for FY 2014-15.							

**\*In accordance with existing statute declining enrollment districts may use previous year ADA if it is higher.**

**\*\*Percentages & Amounts Used For This Early Estimation Are Believed To Be Conservative. Had we used School Service Calculator Numbers The Revenue Estimate For FY 2014-2015 Would Have Been Approximately \$3.3 Million Higher. For FY 2015-2016 School Service Calculator Revenue Is Esimated To Be \$1,125,000 Less Than Our Estimate.**

## GENERAL FUND EXPENDITURE DISTRIBUTION AT 1ST INTERIM FY 2013-2014



**Thank You  
Questions?**